

Montgomery Ward & Company, Incorporated Annual Report -- 1913

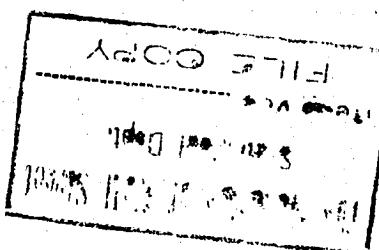
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ANNUAL REPORT

Montgomery Ward & Co., Inc.

1913



To Stockholders:

In accordance with plans and expectations, the year 1913 has been one of re-organization and extension.

The Kansas City branch has out-grown its facilities, and a new re-inforced concrete warehouse, the largest West of the Mississippi River is now in course of construction, and will be ready for occupancy about July 1st, 1914. The cost of the land and buildings will approximate one and a half million dollars, of which one-half has been provided by the Company and one-half by outside parties, under an arrangement by which this Company will pay for the remaining one-half in ten yearly installments, and then own the entire property, both land and buildings.

A New York house capable of caring for six million of sales was opened in August, 1913, and has become in five months' time, a well equipped and well manned branch house, with a stock of more than one million dollars of merchandise.

A Portland, Oregon, branch has been opened, but on a moderate scale. The increased outlays incident upon these expansions, including extra advertising and many months of preparation before opening, have been charged to "Expense."

In the Chicago plant, there have been installed at great expense, labor saving devices on a large scale, designed to increase the economy and efficiency of future operations.

As a result of the above, the net profits for the year were less than they were in 1912, although the gross sales for the year increased by nearly five million dollars.

There remains \$463,000.00 in the trust fund set aside to retire all outstanding Debenture Bonds. The Michigan Avenue properties have been sold, and there has been paid into the Treasury on account \$565,000.00 in cash and \$1,925,000.00 in first mortgage notes.

From the earnings not less than \$500,000.00 will be carried to "Surplus" in accordance with the provisions of the Certificate of Incorporation.

The balance sheet of December 31st, 1913, and statement of earnings for the year 1913, as prepared by Arthur Young & Co., Certified Public Accountants, are submitted herewith.

CHARLES H. THORNE,
Vice President.

Condensed Statement of Earnings For Year 1913

Sales	\$39,725,712.52
Net Profit after charging all Administrative and Operative Expenses, including Depreciation	\$ 1,653,481.13
DEDUCT: Preferred Stock Dividends paid during year	321,805.21
Net Undivided Profits	<u>\$ 1,331,675.92</u>

Balance Sheet—31 December, 1913.

ASSETS	LIABILITIES
REAL ESTATE, BUILDINGS AND EQUIPMENT:	
Land and Buildings	\$3,930,545.20
Machinery and Equipment	<u>1,106,311.61</u>
	<u>\$ 5,036,856.90</u>
CURRENT ASSETS:	
Cash	\$1,123,807.08
Accounts Receivable	587,642.20
Notes Receivable— Secured by Mort- gages on Real Estate	\$1,928,500.00
Sundry	<u>14,851.96</u>
	<u>1,943,351.96</u>
Investments	181,799.81
Inventories	<u>\$3,836,601.95</u>
	<u>7,091,916.43</u>
	<u>11,528,518.38</u>
DEFERRED:	
Prepaid Rent	57,800.00
	<u>\$10,623,235.94</u>
	<u>\$16,623,235.94</u>
ACCOUNTS PAYABLE	\$ 1,705,164.00
NOTES PAYABLE	<u>400,000.00</u>
DEBENTURE BONDS	\$ 463,000.00
CASH HELD IN TRUST TO RETIRE SAME	<u>\$ 463,000.00</u>
CAPITAL STOCK AND SURPLUS:	
Preferred Stock, 7% Cumula- tive—Authorized	\$10,000,000.00
Outstanding	<u>5,000,000.00</u>
Common— 300,000 shares of no par value represented by	8,180,396.02
Undivided Profits	<u>1,331,675.92</u>

We have audited the books of Montgomery Ward & Company for the year ending 31 December 1913 and submit Condensed Statement of Earnings for the year and Balance Sheet as of 31 December 1913.

The year's profits after providing for depreciation on buildings and equipment and allowing for Bad or Doubtful Accounts amount to \$1,653,481.13. Before any dividends are paid on the Common Stock out of these profits, a sum of \$500,000 must be set aside as provided in the Company's charter. Inventories have been taken at cost or under. In our opinion the foregoing Balance Sheet correctly sets forth the condition of the Company as at 31 December 1913.

ARTHUR YOUNG & Co.

Chicago, 2 February 1914.

Certified Public Accountants.